

# ESTES VALLEY HOUSING NEEDS ASSESSMENT, JANUARY 2008

## STUDY OVERVIEW AND SUMMARY OF SELECTED FINDINGS

### *Introduction*

The purpose of this overview is to provide a brief summary of the Housing Needs Assessment completed for the Estes Park Housing Authority. The Housing Needs Assessment provides the Estes Valley with baseline information about current and future housing needs and the available supply of housing to address these needs. The information can also be used to discuss housing needs and opportunities with the Department of Housing and Urban Development (HUD) and various other federal, state, local and other public agencies and non-profit and private interests involved in projects for the community.

Survey research was conducted to generate information beyond that available from existing sources. A Household Survey was mailed to 3,300 randomly selected homes in the Estes Valley and placed on the doors of 200 apartments. A total of 869 completed household surveys were returned, for an average response rate of about 25%. Employer surveys were distributed through the Visitors Bureau and the Housing Authority. In total, about 38 responses were received, accounting for a total of 2,143 summer jobs and 1,349 winter jobs, which equates to about 1/3 of all employees in the Estes Valley.

### *Demographic and Economic Framework*

Estes Park's highly seasonal economy makes it especially difficult to address workforce housing needs. During the summer months, just over one half of the workforce is seasonal. Unlike other mountain resorts in Colorado where high levels of employment during the winter ski season have been increasingly balanced by summer tourism and construction jobs, the Estes Valley has only one peak season.

Average wages in the Estes Valley in 2006 were substantially below the average monthly wages paid in Larimer County (\$2,391 vs. \$3,084), in large part because much of Estes Park's jobs are in comparatively lower paid service and tourism sectors.

Estes Valley Key Statistics	
	2007
Households	5,815
Average Household Size	2.06
Tenure	
Owner	69.4%
Renter	30.6%
Area Median Income	\$69,200
Total Jobs	5,587
Jobs per employee	1.28
Total employees	4,365
Employees per working household	1.61
Total employee households	2,711

Results from the 2007 employer survey indicate that at the end of the 2007 summer season, unemployment in the Estes Valley was at about 1.8%, which is extremely low and an indication of labor shortages. Employers confirm that they have unfilled jobs due primarily to housing and the ability to recruit and retain employees has gotten more difficult in the past three years.

### *Housing Inventory*

Currently, 58% of the residential units in the Estes Valley function as housing; most of the others are vacation accommodations that generate demand for workforce housing through the purchase of goods and services by their part-time occupants. It is important to note that the relationship between primary

homes and vacation accommodations is shifting – between 2000 and 2007 the number of homes occupied by local residents decreased 9 percentage points, from 67% to 58%. If this trend continues with housing demand being stimulated by vacation home buyers while the supply is declining, more jobs will go unfilled and more employees will be forced to commute.

The Estes Valley has a high home ownership rate relative to other mountain resort communities (69%) but the rate will not continue to increase as in the recent past due to tightening mortgage standards, extensive publicity about the housing crisis in many parts of the nation, and signs of an economic downturn. Compared to other resort communities in the Colorado mountains where private land suitable for development is limited, the Estes Valley has relatively little high-density, multi-family product.

### ***Housing Market Conditions***

#### ***Homeownership Market***

Prices this decade have been much more stable than in the 1990's. According to the 1999 Housing Needs assessment, median prices increased 110% for single-family homes and 123% for condominiums between 1990 and 1998. The five-year increase of 19% in the median price of homes sold between 2003 and 2007 is relatively flat compared with other mountain resort markets in Colorado. This is due to a combination of factors including a high proportion of Front Range buyers who are cost conscious and purchase inexpensive units. Additionally, seniors buying in who have fixed incomes compete with employees for housing and do not drive the upper end upward.

Market conditions are competitive with a large inventory and flat prices. The inventory of units listed for sale equals nearly a one-year supply based on recent trends in sales. Despite the large inventory, flattening prices and decline in the number of sales, sellers have not adjusted their prices they are now asking to reflect softening market conditions. As of December 2007, the overall median price for single-family homes listed for sale was \$475,000. This compares with a median of \$297,500 for units sold in 2007. Since there are no indications that recent trends are going to reverse soon, list prices should decline. This could potentially provide conditions appropriate for acquiring free-market units and subsidizing their resale as permanently affordable units.

#### ***Rental Market***

The median rent in the county is \$650 per month, which is an increase of about 31% since 2000. Rents are generally affordable for households with incomes in the 50% to 60% AMI range, and have been kept low due to low wages. Property managers indicate that rental vacancies are low, especially for the winter season, near 5%. The recent trends in the mortgage market have caused owners to fall back into rentals, and prevented renters from becoming first time homebuyers. This has caused a surge in the rental market, which most likely will continue through the next few years.

### ***Housing Problems***

Most employers feel that the availability of workforce housing is a problem, and that recruiting and retaining employees has gotten harder. While many feel it has become more difficult to hire and retain employees, fewer are reporting unfilled jobs than in 1999.

The number of foreclosures in the Estes Valley has jumped sharply (19 in 2006 to at least 42 in 2007) but still represent only a small percentage of total owner-occupied units (1.2%). While foreclosures

could result in a loss of employees, they provide an opportunity to acquire free-market units for conversion into affordable housing.

A frequent source of dissatisfaction with housing is the inability of renters to move into homeownership. If they are unable to buy and are forced to rent they often relocate to communities where they can own. According to the household survey, 40% of renters in the Estes Valley would like to buy a home within the next three years. The total cost is the most frequently cited factor that has kept renters from purchasing.

The percent of household living in housing that is not affordable increased between 1999 and 2007, to approximately 1,535 households.

### ***Special Needs***

The senior population is growing faster than the population as a whole. By 2015, over 23% of households will be occupied by seniors, up from about 19% today. Results from the 2007 Household Survey indicate that the median age in the Estes Valley is 56, up from 35 in 1990 and 40 in 1999. The influx of retirees into the valley has implications for the workforce since they compete with employees for homes while simultaneously generating jobs and demand for additional workforce housing. Most of the seniors now living in the Estes Valley are staying in their homes upon retirement. There is some interest in moving into other homes in the same community, but since most seniors will stay in their homes, their housing will not become available for employees needed to fill jobs vacated by retiring employees. About other special-needs populations:

- In 2000, approximately 2.4% of Estes Valley household had at least one Hispanic/Latino householder. According to employers, about 26% of their employees are now Spanish speaking.
- Estes Valley Victim Advocates works with the Estes Park Housing Authority to provide transitional housing to victims of domestic violence and sexual abuse. They also work with Alternatives for Battered Women out of Loveland, as well as organizations in Boulder. They are currently able to adequately house victims of crime.
- Very low-income households have a particularly difficult time finding places to live; 76% of households in the Estes Valley with incomes less than 30% AMI do not have affordable housing.

### ***Housing Needs and Gaps***

The number of housing units that are needed to support job growth and sustain employers is expressed in two categories:

- *Catch-Up Needs* -- the number of housing units needed to address current deficiencies in housing calculated by considering overcrowding, unfilled jobs and in-commuting employees who want to live in the Estes Valley -- 221 additional housing units are now needed to provide a sufficient labor force to sustain these employers and address overcrowding.
- *Keep-Up Needs* -- the number of units needed to keep-up with future demand for

<b>Source of Demand</b>	<b>Units Needed</b>
<b>Catch-Up Needs</b>	
Unfilled Jobs, 2007	12
In-commuters	149
Address Overcrowding	60
Total Catch-Up Needs	221
<b>Keep-Up Needs</b>	
New Jobs, 2007 - 2015	421 to 624
Replacement of Retirees, 2007 - 2010	114
Total Keep-Up Needs	535 to 738
<b>Total Need for Additional Units by 2015</b>	<b>756 to 959</b>

housing based on projected employment and population growth and the requirement to replace retiring employees. Growth is expected to continue for at least the next five years, adding between 828 and 1,285 more jobs by 2015. These jobs coupled with the need to replace retiring employees who will stay in their homes generate the need for between 535 and 738 more workforce housing units by 2015.

The allocation of needs between ownership and rental housing is as much a matter of policy as it is of need. Municipal and county officials base policies not only on the extent of problems but on the vision they have for their community's future. Based on the assumption that the Estes Valley would like to maintain its character as it grows, the owner/renter mix was used to allocate current catch-up needs between owners and renters. This methodology results in an estimate of 69 rental units and 152 for-sale units for a total of 221 units now needed to adequately house the workforce. Job growth will likely increase the need to near 1,000 units in the next five years.

There is a clear gap in homeownership opportunities in the 80% to 100% AMI range. Nearly 113 units are needed for households with incomes equal to or less than 140% AMI to purchase. Approximately 40 additional rental units are now needed for low-income households ( $\leq 80\%$  AMI).

### ***Some Recommended Next Steps***

- *Develop a 5-Year Work Plan:* Set policies, goals and quantitative objectives for housing that are specific enough to estimate the cost, identify the most appropriate tools and assess the potential effectiveness of optional methods. Gain public support for the plan.
- *Create a Local Revenue Source:* Identify the most appropriate mechanism for generating a local revenue stream for housing.
- *Increase Affordable Housing within New Subdivision:* Formalize and strengthen housing requirements for annexations and new subdivisions. Consider inclusionary zoning since it has been very successful in other Colorado communities is becoming more widespread and is legally defensible. As a complimentary incentive or alternative, developers could voluntarily place a transfer assessment on market-rate units through which revenue is generated every time the units sells.
- *Acquire Existing Units:* An acquisition effort would most ideally be complemented by down payment and rehabilitation assistance with eligibility criteria that is appropriate given housing prices and incomes in the Estes Valley.
- *Land Bank:* With only one parcel available for future affordable housing development, acquisition of additional sites as they become available is recommended. Programming of these sites should not be an immediate priority, however.
- *Plan for Development of Rental Units:* With low rental vacancy rates and an increase in rental demand spurred by tightening mortgage standards and an increase in foreclosures, it is time to start planning for development of another rental property. At present, there appears to be demand for 40 low-income rental units. Market conditions could shift in the near term, however, given recent indications of a possible economic recession making it prudent to monitor occupancy levels among existing projects before proceeding with construction.